

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office  
FLOOR DEBATE

April 4, 2002      LB 989, 1063

was reached with the tobacco companies a number of years ago. We have an issue with foreign companies selling cigarettes into the American market and a failure to collect tax on those cigarettes. But, Mr. Speaker, I will yield the balance of my time to Senator Jensen so that he can advise you about LB 1063 because, as I've indicated, that was a bill that he introduced and the committee is proposing to be incorporated into LB 989 through this amendment.

SPEAKER KRISTENSEN: Thank you. Senator Jensen, you have eight minutes.

SENATOR JENSEN: Thank you, Mr. Speaker. Members of the body, LB 1063 does have to do with the master settlement agreement and I've brought to you several times bills concerning this issue. This actually was brought to me by the Attorney General's Office and asked that I introduce it in their behalf. I thank the Revenue Committee and Senator Wickersham for including this into their Revenue Committee bill. We do have a master settlement agreement between the states and the cigarette manufacturers, and currently in Nebraska cigarette manufacturers are required to do either one of two things: one, to become a participating manufacturer joining the master settlement agreement and performing its financial obligations under that agreement; or annually place an amount of money into a qualified escrow fund calculated by applying a statutory established rate per cigarette. The state of Nebraska is having difficulty enforcing these requirements in regard to foreign cigarette manufacturers. Many foreign manufacturers are not participating in the agreement and not placing funds into an appropriate escrow account. Many of these manufacturers small...sell but a small amount of cigarettes and it's just not financially worthwhile for the Attorney General's Office to go after those. It might be only a couple hundred dollars. However, this bill would prohibit Nebraska wholesalers from selling cigarettes manufactured by noncompliant manufacturers. As opposed to pursuing litigation all around the world, this would allow the AG's Office to enforce the master settlement agreement in Nebraska. Nebraska wholesalers would not be allowed to stamp or meter cigarettes that are manufactured by a tobacco company that fails to comply with the provisions of the master settlement